GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:1393
ANSWERED ON:30.11.2006
INCENTIVES TO FOOD PROCESSING INDUSTRIES
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) The installed capacity of Food Processing Industries (FPI) in the country at present;

(b) The percentage of fruits being processed in the country at present ;

(c) The percentage of fruits and vegetables that go waste ;

(d) Whether the Government proposes to provide incentives to the food processing industries in order to give boost to FPI sector; and

(e) If so, the details thereof ?

Answer

THE MINISTER OF THE STATE IN MINISTRY OF FOOD PROCESSING INDUSTRIES(SHRI SUBODH KANT SAHAI)

(a): Ministry of Food Processing Industries does not set up food processing industries on its own. Food Processing units are set up both in the organised and un-organised sectors. As such the data regarding installed capacity of food processing units are not centrally maintained in the Ministry.

(b): The level of processing of fruits and vegetables in the country is estimated at 1.4% in the organized sector and 0.8% in the unorganized sector.

(c): According to a study, current wastages in fruits and vegetables are estimated at about 35%, the value of which is approximately Rs.33,000 crores annually.

(d) & (e): The Government has already been implementing various Plan schemes for promotion and development of food processing industries. Under these schemes financial assistance in the form of grant −in −aid is provided for Technology upgradation /Modernization / Establishment of food processing units, Development of Infrastructure, Human Resource Development, Promotion of Quality Assurance, Codex Standards R & D besides for other promotional measures to encourage development of the food processing industries.

Further, fruit and vegetable processing units are already exempted from payment of excise duty. Further, in the year 2004-05, Government has allowed under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish products has been reduced form 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. In the Budget of 2005-06, excise duty of Rs.1.00 per kg on refined edible oil and Rs.1.25 per kg on Vanaspati were abolished. Customs duty on refrigerated vans was reduced from 20% to 10%. In the budget 2006-07 the Government has waived excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast. Excise duty on ready to eat packaged foods and instant food mixes, like dosa and idli mixes have been reduced from 16% to 8%. Excise duty on aerated drinks has been reduced from 24% to 16%. NABARD is to create a refinancing window with a corpus of Rupees one thousand crore for agro processing infrastructure and market development. The Government has also enacted The Food Safety and Standards Act, 2006 which has been passed by the Parliament on 02.08.2006 and notified on 24th August, 2006. The objective of the Act is to bring a single statute relating to food and establish the Food Safety and Standards Authority.